

OCT 04 2006

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

In the Matter of:

Freedom, Inc. and its treasurer;

Eugene Standifur, Jr., in his official capacity as treasurer
of Freedom, Inc.;

Cleaver for Congress and David Fenley, in his official
capacity as treasurer;
Emanuel Cleaver

2006 OCT -4 A 9:40

MUR 5492

SENSITIVE

GENERAL COUNSEL'S REPORT #3

I. ACTIONS RECOMMENDED

This Office recommends that the Commission accept the attached signed Conciliation Agreement with Freedom, Inc.; take no action against Emanuel Cleaver, Cleaver for Congress, Inc. and David Fenley, in his official capacity as treasurer; and close the file.

II. BACKGROUND

The Commission found reason to believe that Freedom, Inc. and Eugene Standifur, Jr., in his official capacity as treasurer, violated 2 U.S.C. §§ 433 and 434 by not registering and reporting as a political committee; 2 U.S.C. § 441b(a) by accepting prohibited contributions; and, in the alternative, violated 2 U.S.C. § 441b(a) by making corporate expenditures for communications expressly advocating the election of Congressional candidate Emanuel Cleaver.

The Commission also found reason to believe that Freedom, Inc. and Eugene Standifur, Jr., in his official capacity as treasurer, violated 2 U.S.C. § 441d(a) by making disbursements for communications that contained express advocacy but had incomplete disclaimers that did not state whether the communication had been authorized by a candidate or candidate's authorized committee. At the time it made these reason-to-believe findings, Commission took no action as

26044152744

1 to allegations that Emanuel Cleaver, and Cleaver for Congress, Inc. and David Fenley, in his
2 official capacity as treasurer, violated either 2 U.S.C. § 441a(f) or 2 U.S.C. § 441b by
3 coordinating the express advocacy communications with Freedom, Inc.

4
5
6
7
8
9
10
11 **III. DISCUSSION**
12
13
14
15
16
17
18
19
20

26044152745

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19

26044152746

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

26044152747

26044152748

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

In addition to the recommendations regarding Freedom, Inc., this Office recommends that the Commission take no action against Emanuel Cleaver, Cleaver for Congress, Inc. and David Fenley, in his official capacity as treasurer. No information was uncovered during the course of our investigation that suggests that there is any merit to the allegation in the complaint that any of the Respondents violated either 2 U.S.C. § 441a(f) or 2 U.S.C. § 441b as a result of coordinating communications expressly advocating Cleaver's election with Freedom, Inc. See First General Counsel's Report at 12-15. Because this was the only allegation pending against the Cleaver Respondents, we believe that it is appropriate for the Commission to take no action.

Based on the foregoing, this Office recommends that the Commission accept the Agreement and close the file as to all respondents.

IV. RECOMMENDATIONS

1. Accept the attached conciliation agreement.
2. Take no action against Emanuel Cleaver, Cleaver for Congress, Inc. and David Fenley, in his official capacity as treasurer.
3. Approve the appropriate letters.
4. Close the file.

Lawrence H. Norton
General Counsel

10/3/06
Date

By: Rhonda J. Vosdingh
Rhonda J. Vosdingh
Associate General Counsel
for Enforcement

Mark D. Shonkwiler
Mark D. Shonkwiler
Assistant General Counsel

Kathleen M. Guith
Kathleen M. Guith
Acting Assistant General Counsel

26044152750